

ANNUAL REPORT

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES



For the year ending 30 June 2019

27 September 2019



The Rice Marketing Board

FOR THE STATE
OF NEW SOUTH
WALES

The Honourable Adam Marshall, MP
Minister for Agriculture and
Western New South Wales
52 Martin Place
Sydney NSW 2000

Dear Minister

In accordance with Section 9A of the *Annual Reports (Statutory Bodies) Act 1984*, we submit the Rice Marketing Board's Annual Report for the year ending 30 June 2019, for presentation to Parliament.

Yours sincerely

John Culleton
(Board Chair)

Robyn Clubb
(Chair, Audit and Risk Committee)

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Westpac Banking Corporation

Auditors

Auditor-General of New South Wales

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Chair's Report

Highlights

Rice production in southern NSW in 2018-19 was negatively impacted by water shortages, with production around 55,000 tonnes. This was down from 600,000 tonnes the previous year. Similarly in the Northern Rivers region, rice harvests were down in 2018-19. In response to the poor year, the Board capped the variable fee at \$2.50/tonne for the 2018-19 year and covered its costs by drawing on cash reserves. If it had not done this, the fee would have been over \$5/tonne. In addition, the Board has abolished the fixed fee for Authorised Buyers, which was \$500 annually.

Due to a change in personal circumstances, on 30 June 2019 I stepped down as Chair of the Board. An election was held at the June Board meeting and John Culleton was elected Chair. John was appointed to the Board in 2013 and is Chair of the Authorised Buyer Licensing Committee and a member of the Audit and Risk Committee. He was formerly CEO of Coleambally Irrigation Co-operative Limited and was a Board member of the National Irrigators' Council from 2011 to 2017.

We farewelled Doug Hocking in July 2018, when he completed his term of office after almost 10 years' service to the Board. Doug's knowledge of government practices was invaluable to the Board. His calm reflection during meetings was especially appreciated, as was his enthusiasm and interest in all things rice and agriculture. Doug is now enjoying retirement and can be found spotting bitterns in rice fields, whenever he has the opportunity.

Governance Review

The Board has continued to implement the recommendations of the Governance Review which arose out of a recommendation from the Review of Rice Vesting by the NSW government in December 2016. A Service Level Agreement, detailing the roles and responsibilities of both the Board and the Sole and Exclusive Export Licence (SEEL) holder, has been posted on the website along with other documents that would be of interest to growers, including the Board's Charter and Communications Plan.

Authorised Buyers

One new Authorised Buyers Licence for the domestic market was granted in 2018-19. Goulburn Enterprises (Australia) Pty Ltd, trading out of Tocumwal, is the newest licensee for the domestic market. Further details about all twelve Authorised Buyers are available on the Board website or from the Secretary of the Board.

Financial Performance

For the year ending 30 June 2019, the Board recorded a deficit. The Board recovered approximately half of its expenses through the Authorised Buyer Licence fees, set at \$2.50 per tonne for 2018-19. It also maintains adequate reserves to provide for two years of operating expenses.

Proposed SunRice Listing

The Board reviewed SunRice's proposal to list on the Australian Securities Exchange. This review was undertaken consistent with the requirements of the SEEL and the Board concluded that there was no change of control, and therefore the Board's approval was not required for the proposal to proceed. The review also concluded that the proposal was unlikely to impact on the current term of vesting.

Government Information (Public Access) Act

A *Government Information (Public Access) Act* (Freedom of information) request is currently before the NSW Civil and Administrative Tribunal, regarding the Board's decision to grant the SEEL. The hearing is in late August 2019.

Export Price Premium and Freight Scale Advantage

To meet its second object, ensuring the best possible returns on rice sold outside Australia, the Board primarily uses measures called the 'export price premium' and 'freight scale advantage', as calculated by the SEEL holder SunRice. For 2018-19, SunRice reported that the Export Price Premium was \$25.8million (2017-18: \$21.7million) and the Freight Scale Advantage was \$3.1million (2017-18: \$7.8million). These figures are subject to verification by an independent consultant engaged by the Board.

Board Membership

At the end of July 2018 Doug Hocking's term expired, and John Culleton was re-appointed for a four year term. Replacing Mr Hocking was economist Adam Boyton. Adam has already proven himself a wonderful asset to the Board, contributing significant analytical skills to our deliberations.

Robyn Clubb's term will expire in December 2019 and she has indicated she will not seek re-appointment. Robyn has served the Board since 2004 and was Chair from 2011 to early 2018. Robyn was instrumental in:

- The deregulation of the domestic rice market and the sale of the rice storage facilities to Australian Grain Storage Pty Ltd;
- The decision to engage independent economic opinion of the data and analysis offered by SunRice in relation to the export price premiums that accrue to NSW growers under the Sole and Exclusive Export arrangement;
- Strengthening in-house analysis of the export market premiums through visits to those markets by nominated members; and
- The establishment of a Committee system within the Board – one which sees the detailed consideration of certain matters by the Authorised Buyer Licensing Committee, to reduce the prospect of any suggestion of a conflict of interest within the Board by having dual directors on both the SunRice Board and the Board.

Appreciation

The Board acknowledges the hard work of past Minister Niall Blair and looks forward to working with Minister Adam Marshall. Thanks also to Scott Hansen, Director General of the Department of Primary Industries (DPI) and his staff. I would also like to thank Brett Fifield, Darren Budworth and Michael Rollin at DPI for facilitating the work of the Board.

The Board was pleased to co-sponsor the Ricegrowers' Association of Australia (RGA) Annual Conference, the RGA Leadership Program as well as the Young Farming Champions program, all great initiatives by the RGA to promote the future of the rice industry. Thanks go to President Jeremy Morton and Executive Director Graeme Kruger for their tireless work in support of the rice industry.

I would like to thank all the Board members for their continued effort for the good of the NSW rice industry. Thanks also to Board Secretary, Ms Carol Chiswell for continuing to support the Board efficiently.

Thanks to the twelve authorised buyers for their contribution to the efficient marketing system that the NSW rice industry enjoys.

I would also like to thank the rice growers of NSW, many of whom were unable to grow a rice crop this year, but remain committed to the NSW rice industry.

Victoria Taylor
Chair

Board Members



Back row, left to right: John Bradford, Gillian Kirkup, Ian Mason, Adam Boyton, Robyn Clubb
Seated: Victoria Taylor (Chair), John Culleton (Deputy Chair)

BOARD MEMBERS QUALIFICATIONS

Victoria Taylor, Chair, Grad Cert (Water Policy & Governance), GIA (Cert), GAICD
John Culleton, Deputy Chair, CSC, BA, psc, pcpsc, GAICD
Robyn Clubb, BEc, CA, F.Fin, MAICD
Douglas Hocking, DHA, GDE, GCM
Gillian Kirkup, MAICD
John Bradford, MAICD
Ian Mason, MAICD
Adam Boyton, B.Bus. AAICD



Absent:
Mr Douglas
Hocking, whose
term expired on
26/7/18

BOARD TERMS AND METHOD OF APPOINTMENT

MEMBERS	APPOINTMENT DATE	TERM EXPIRY	METHOD
V.L. Taylor	14/12/2013	14/12/2019	Nominated
J.J. Culleton	1/6/2013	2/8/2022	Nominated
R. Clubb	1/8/2004	14/12/2019	Nominated
A.L. Boyton	3/8/2018	2/8/2022	Nominated
D.F. Hocking	25/3/2009	26/7/2018	Nominated
G.L. Kirkup	9/11/2005	12/12/2021	Elected
J.M. Bradford	26/8/2015	12/12/2021	Elected
I.R. Mason	14/2/2018	12/12/2021	Elected

BOARD MEMBERS MEETINGS

MEMBERS	BOARD MEETINGS		ABL COMMITTEE		AUDIT AND RISK		GOVERNANCE	
	Possible	Attended	Possible	Attended	Possible	Attended	Possible	Attended
V.L. Taylor	12	12	6	6	0	0	1	1
R. Clubb*	12	11	6	6	3	3	0	0
G.L. Kirkup	12	11	0	0	3	3	2	2
D.F. Hocking	0	0	2	2	0	0	0	0
J.J. Culleton	12	12	6	6	3	3	0	0
J. M. Bradford	12	10	0	0	0	0	0	0
I.R. Mason	12	11	0	0	0	0	2	2
A.L. Boyton**	11	8	4	4	1	1	0	0

*Ms Clubb was granted a leave of absence for May 2019

**Mr Boyton was granted a leave of absence for August 2018

BOARD STRUCTURE

The Board consists of seven members, three of whom are elected by growers, and four who are nominated by the NSW Minister for Primary Industries. Of the nominated members, Mr Culleton and Mr Hocking's terms expired in July 2018 and Mr Culleton was subsequently re-appointed for a four year term commencing August 2018, along with new member Mr Boyton. The terms of Ms Clubb and Ms Taylor's appointments expire in December 2019. The terms of the elected members, being Mrs Kirkup, Mr Bradford and Mr Mason, expire in December 2021.

On 1 July 2019, Mr Culleton commenced as Chair of the Board.

MANAGEMENT

The Secretary is employed by the Board and is responsible for the management of finance, administration and compliance. The current Secretary is Ms Carol Chiswell, CPA, M.Com., BA.

Charter, legislation and function

The Rice Marketing Board for the State of New South Wales was the first commodity marketing board established in New South Wales under the *Marketing of Primary Products Act 1927*, now replaced by the *Rice Marketing Act 1983*, and was officially constituted by Proclamation on 9th November 1928. The *Rice Marketing Regulation 2015* is the subordinate legislation. In February 2019, an amendment "*Rice Marketing Amendment (Rice Marketing Board) Regulation 2019*" was issued. It provided that an elected member who has held office for more than eight years in total may not be nominated as a candidate for election to the Board without the approval of the Minister for Primary Industries, and that the Deputy Chair of the Board must be elected from among the nominated members of the Board.

The Board's primary function is to obtain the best possible monetary return to rice growers consistent with the maintenance of orderly marketing. It operates under the authority of and in accordance with the *Rice Marketing Act 1983*, the *Public Finance and Audit Act 1983* and the *Annual Reports (Statutory Bodies) Act 1984*.

The Board's Charter is available from the website www.rmbnsw.org.au.

Objects

The Board's objects, as gazetted on 23 May 2009, are:

1. To encourage the development of a competitive domestic market for rice.
2. To ensure the best possible returns from rice sold outside Australia based on the quality differentials or attributes of the Australian grown rice.
3. To liaise with and represent the interests of all NSW rice growers in relation to the Board's functions and objects.

To meet its first object, the Board continues to encourage a competitive domestic market for rice by facilitating participation in the market in the following ways:

- Reviews licence holders annual returns;
- Regularly reviews the fee schedule for Authorised Buyers;
- Meets with Authorised Buyers;
- Provides information to rice growers and buyers, for example on the provision of rice seed supplies; and
- Manages an annual audit of the NSW rice crop to ensure compliance with the Act.

As at 30 June 2019 there were twelve licensed Authorised Buyers and the Board has issued licences to all parties who have applied for an Authorised Buyer Licence, have met the required conditions, and have signed the Authorised Buyer Licence Agreement.

To meet its second object, ensuring the best possible returns on rice sold outside Australia, the Board primarily uses measures called the 'export price premium' and 'freight scale advantage', as calculated by the Sole and Exclusive Export Licence (SEEL) holder SunRice. For 2018-19, SunRice reported that the Export Price Premium was \$25.8million (2017-18: \$21.7million) and the Freight Scale Advantage was \$3.1million (2017-18: \$7.8million). These figures are subject to verification by an independent consultant engaged by the Board.

The Export Price Premium and Freight Scale Advantage measures have, in the past, been verified by an independent consultant before being announced. In previous years the Board has also assessed the performance of the SEEL holder through an annual report on its business performance. The *Government Information (Public Access) Act* request received in March 2018 was still being processed during the 2018-19 year after appeals required it to be treated as a new application in February 2019. This request encompassed confidential documents held by the Board, supplied by SunRice. The decision was made to withhold the confidential information, and the applicant requested a hearing with the NSW Civil and Administrative Tribunal (NCAT). The Board agreed for SunRice to provide the Board's independent consultant access to records for verification of the 2018-19 export price premium and freight scale advantage, and to provide the annual report on its business performance, following the outcome of the NCAT hearing.

Other ways the Board meets its second object are:

- Conducting annual crop audits to ensure that all NSW grown rice is sold to an Authorised Buyer; and
- Monitoring rice exports to ensure they are consistent with the Act.

To meet its third object, the members of the Board liaised with NSW rice growers over the past twelve months, in relation to its objects and activities, through the following means:

- Attending the Ricegrowers' Association of Australia (RGA) branch meetings and Conference;
- Supporting industry activities including the RGA Annual Conference and rice field days;
- Sponsoring and assisting in the facilitation of the RGA Leadership Program;
- Attending other regional rice meetings and the rice field days in the Murray-Riverina and Northern Rivers;
- Providing information on the Board's website, including Annual Reports, regular news updates, Authorised Buyers' contact details, Board policies and the Charters of the Board and Committees;
- Communicating with the President and Executive Director of the RGA on issues relevant to the rice industry;
- Providing regular articles in the RGA newsletter, "Rice Matters";
- Inviting all NSW rice growers to the Board's Annual Meeting held every November; and
- Providing support to NSW rice industry development activities.

Governance

The Board's primary role is to ensure the achievement of its Charter and Objects. To fulfil this role the Board Members are responsible for the overall corporate governance of the organisation, including setting its strategic direction, establishing goals and monitoring the achievement of those goals by Management.

In 2017-18 an independent review of the Board's governance arrangements was undertaken. More information is available on the Board's website at www.rmbnsw.org.au.

CHARTERS

The Board's activities are guided by a Charter. The Board Charter and Committee Charters are available from the Board's website at www.rmbnsw.org.au.

BOARD SUB-COMMITTEES

There are three sub-committees that undertake detailed consideration of specific issues and provide for appropriate governance arrangements in support of the Board. The sub-committees comprise:

- Authorised Buyer Licensing Committee
- Governance, Nominations and Remuneration Committee

- Audit and Risk Committee.

The Authorised Buyer Licensing Committee's responsibilities include to:

- Administer the authorised buyer licensing scheme
- Review licensee annual returns
- Liaise with authorised buyers
- Make recommendations for changes to the licensing rules.

The Governance, Nominations and Remuneration Committee's responsibilities include to:

- Review Board composition, induction program and role statement
- Review Board policies, procedures and practices
- Review Board governance procedures and decision making processes.

The Audit and Risk Committee's responsibilities include to:

- Review engagement and methodology of external auditors
- Review risk profile as the basis of the external audit program
- Monitor external auditors and management and report to the Board on:
 - a) Financial reporting processes
 - b) Compliance with legislation and regulation, accounting policies and internal controls
 - c) Audit outcomes and actions
 - d) Performance of auditors
- Review completeness and accuracy of the financial statements prior to consideration and approval by the Board
- Review emerging risks identified by the Board or management and ensure risks are appropriately addressed
- Review financial management objectives and planning.

BOARD PROCESS

The Board generally holds eight scheduled board meetings each year with non-scheduled meetings and sub-committee meetings being held when necessary. The agenda for meetings is prepared in conjunction with the Chair. Standing items include monitoring performance in relation to the Board's regulatory and legislative objectives, financial reports, short and long-term financing programs and monthly performance monitoring of the SEEL holder, SunRice. Board papers are circulated in advance.

COMPOSITION OF THE BOARD

Three Board Members are elected for four year terms by those rice growers who are eligible and choose to vote. Four Board Members are nominated by the Minister for Primary Industries and appointed by the Governor of NSW, usually for a term of four years. The nominated Members are from outside the rice industry and bring additional expertise in agriculture, corporate governance, finance, economics, business administration, communications and stakeholder engagement to the Board. The Chair and Deputy Chair are selected from the Board's nominated members.

REMUNERATION

The Board approves the remuneration of its employees. The Board recommends the remuneration of its Members to the Minister for approval. Board Members fees are based on the Classification and Remuneration Framework for NSW Government Boards and Committees. All necessary expenses incurred by Board Members whilst attending to Board business are paid by the Board. Funding of the Board is met by the NSW rice industry.

INDEPENDENT PROFESSIONAL ADVICE AND ACCESS TO BOARD INFORMATION

Each Member of the Board has the right of access to all relevant Board information unless it constitutes a conflict of interest. Subject to prior consultation with the Chair, Members may seek independent professional advice at the Board's expense. A copy of the advice received by the Member is made available to all Members of the Board.

HUMAN RESOURCES

The Board employs a Secretary who is responsible for the management of finance, administration and compliance. In April 2019 a part time Administration Officer was employed one day per week to assist the Secretary. Total Full Time Equivalent (FTE) staff: 1.2 (2018 and prior years: 1 FTE). There have been no exceptional movements in wages, salaries or allowances in 2018-19.

Employees are required to comply with the Code of Conduct Policy, Staff Development Policy, Gifts and Benefits Policy, and also a Travel, expense reimbursement and entertainment policy. Performance reviews are conducted annually.

AUDIT

The Board's financial accounts are audited by the Auditor General for New South Wales. The Auditor General has, with the involvement of the Board, subcontracted the audit to Johnsons MME for the year 2018-19.

WORKFORCE DIVERSITY

The Board employs a full time Secretary and a part time Administration Officer. The Board is committed to actively developing and maintaining diversity where it has influence, ensuring it operates free of discrimination and reflecting the New South Wales community in which it functions.

DISABILITY PLANS

The Board is committed to the principal of disability inclusion to remove physical, communication and attitudinal barriers. As a small employee organisation, the Board has not developed or implemented a Disability Inclusion Action Plan for its workforce.

SUSTAINABILITY

The Board is conscious of the need to maintain a sustainable environment that meets the needs of the present without compromising for future generations. Waste is reduced through recycling within the office, the use of an online Board portal reducing printing and a preference for teleconference meetings to reduce travel when possible. The Annual Report is reproduced at minimal external cost and stakeholders are encouraged to access the report via the Board's website at www.rmbnsw.org.au.

GOVERNMENT INFORMATION (PUBLIC ACCESS) ACT 2009

The *Government Information (Public Access) Act* request received in March 2018 was still being processed during the 2018-19 year after appeals required it to be treated as a new application in February 2019. The application sought access to information that involved consultation with a third party and subsequently access was granted in part. The application was subject to an Information Commissioner's Review and subsequently the NSW Civil and Administrative Tribunal. The result of the Tribunal Hearing is expected in late 2019.

Rice growers are able to discuss Board decisions and policies with Board members at rice industry meetings, and have the opportunity to question the Board's decisions and policies at the Annual meeting or by contacting the Secretary at any time.

PUBLIC INTEREST DISCLOSURES

There were no public interest disclosures in 2018-19.

PRIVACY

The Board respects the privacy of all its stakeholders and complies with the *NSW Privacy and Personal Information Protection Act 1998*. No complaints regarding breaches of privacy were received during the reporting period. No privacy reviews were conducted in 2018-19. The Board's Privacy Policy is available on its website www.rmbnsw.org.au.

WORK HEALTH AND SAFETY

The Board had no injuries or prosecutions under the *Work Health and Safety Act 2011* during the year.

MULTICULTURAL POLICIES AND SERVICES PROGRAM

The Board is committed to the principles of Multiculturalism and maintains a multicultural plan in accordance with the Multicultural Policies and Services Plan of Multicultural NSW. The NSW rice

industry is primarily located in the ethnically diverse Riverina and Murray regions of New South Wales. The Board regularly reviews the cultural diversity of its stakeholders, adapts to the needs of the community and represents fairly and equally the interests of all rice producers irrespective of their ethnic background. In providing services the Board Members and employees are sensitive to the cultural, social and religious differences of their clients.

In 2018-19 the Board progressed its Multicultural Plan by continuing to monitor and improve on services provided to people from diverse backgrounds. In 2019-20 the Board intends to focus on targeting programs to address specific needs of its stakeholders.

DIVERSITY

The Board employs 1.2 FTE's in the following diversity groups:

Women	100%
Aboriginal people and Torres Strait Islanders	N/A
People whose first language spoken as a child was not english	17%
People with a disability	N/A
People with a disability requiring work-related adjustment	N/A

No changes to the workforce are anticipated for 2019-20. The Board does not have a disability inclusion plan owing to its small size.

OVERSEAS VISITS

The Chair, Ms Taylor had the opportunity to visit Vietnam in 2018-19. She travelled with the Ricegrowers' Association of Australia Established Leaders Program participants and the main purpose of the visit was to learn about SunRice's investment there as part of its global sourcing strategy. There were no overseas visits by employees.

CONSUMER RESPONSE

No complaints were received by the Board in 2018-19.

INTERNAL AUDIT AND RISK MANAGEMENT

The Board has a risk management framework, a risk register and also identifies emerging risks at each meeting. It has also implemented policies to mitigate risks where possible. The Board has a small agency exemption from the requirements of TPP15-03, 'NSW Treasury Internal Audit and Risk Management Policy for the NSW Public Sector'.

The exemption will remain in force until any of the following occur:

- Any major change to the Board's structure, or
- The Board receives a direct appropriation, or
- The Board's revenues include taxes, or
- The Board's revenues, expenses, assets or liabilities individually increase by more than 20% from the baseline total/balance at 30 June 2019, or
- The Board's risk profile materially changes.

In accordance with good governance, the Board has complied with two of the three core requirements of TPP15-03, by preparing and maintaining a risk management framework and by establishing an independent Audit and Risk Committee. The Board has not established an internal audit function due to its small size, however it has an internal audit protocol and has mitigated the risk by Board oversight of functions where necessary.

DISCLOSURE OF CONTROLLED ENTITIES AND SUBSIDIARIES

The Board does not have any controlled entities or subsidiaries.

Financial Management

Investment Performance

The Board invests funds on the short term money market at rates that are comparable to Treasury Corporation cash rates. The annual compound percentage rate of return was 2.41%.

Payment of Accounts

It is the Board's target to pay 95% of invoices within 30 days. This target has been achieved for the year.

Accounts paid each quarter to all suppliers (including GST)

DUE FOR PAYMENT (NUMBER)	PAID ON TIME (NUMBER)	ACTUAL PAID ON TIME (% BASED ON NUMBER)	DUE FOR PAYMENT (\$)	PAID ON TIME (\$)	ACTUAL PAID ON TIME (% BASED ON DOLLAR AMOUNT)	NUMBER OF PAYMENTS FOR INTEREST ON OVERDUE ACCOUNTS	INTEREST PAID ON OVERDUE ACCOUNTS
1/7/18-30/9/18	36	100%	\$95,782	\$95,782	100%	0	0
1/10/18-31/12/18	27	100%	\$74,819	\$74,819	100%	0	0
1/1/19-31/3/19	22	100%	\$26,206	\$26,206	100%	0	0
1/4/19-30/6/19	21	100%	\$27,051	\$27,051	100%	0	0
TOTAL	106	100%	\$223,858	\$21223,858	100%	0	0

Small suppliers are defined as those employing fewer than 15 employees.

Accounts paid each quarter to small suppliers (including GST)

DUE FOR PAYMENT (NUMBER)	PAID ON TIME (NUMBER)	ACTUAL PAID ON TIME (% BASED ON NUMBER)	DUE FOR PAYMENT (\$)	PAID ON TIME (\$)	ACTUAL PAID ON TIME (% BASED ON DOLLAR AMOUNT)	NUMBER OF PAYMENTS FOR INTEREST ON OVERDUE ACCOUNTS	INTEREST PAID ON OVERDUE ACCOUNTS
1/7/18-30/9/18	7	100%	\$29,283	\$29,283	100%	0	0
1/10/18-31/12/18	6	100%	\$27,028	\$27,028	100%	0	0
1/1/19-31/3/19	6	100%	\$2,716	\$2,716	100%	0	0
1/4/19-30/6/19	5	100%	\$411	\$411	100%	0	0
TOTAL	24	100%	\$59,438	\$59,438	100%	0	0

Credit card certification

The Secretary holds the only credit card issued to the Board. All credit card payments are reviewed and approved by the Chair and ratified at the next Board meeting.

ETHICAL STANDARDS

All Board Members and employees are required to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Rice Marketing Board. The Board is committed to the objectives of the ethical framework as identified in the *NSW Government Sector Employment Act 2013*. A Code of Conduct is in place and all members and employees have signed a Code of Conduct Declaration and Undertaking, and a Pecuniary Interests Declaration and Undertaking during 2018-19. The Code of Conduct is available from the Board's website www.rmbnsw.org.au.

INSURANCE

The Board holds insurance coverage in management liability, professional indemnity, travel, work cover and business property, theft and public liability.

CONSULTANTS

During 2018-19 the Board did not engage any consultants over the value of \$50,000. Five consultants were engaged during 2018-19, in the following categories:

CATEGORY	COST
Legal (2)	\$37,876
Industry reviews (1)	\$21,600
Probity and Governance (1)	\$5,465
TOTAL	\$64,941

FUNDS GRANTED TO NON-GOVERNMENT COMMUNITY ORGANISATIONS

During 2018-19 the Board provided \$22,000 in sponsorship for the benefit of the NSW rice industry:

AMOUNT	PROVIDED TO	PURPOSE	TARGET CLIENTS
\$10,000	Ricegrowers' Association of Australia	Rice Industry Leadership Program 2017-2020 - To develop a self-replenishing, multi-skilled and diverse leadership cohort, by establishing a rice industry leadership task force, to develop and deliver the leadership program and target key areas of focus for rice industry leadership.	Next generation rice growers, emerging leaders and established leaders in the rice industry.
\$5,000	Ricegrowers' Association of Australia	RGA Annual Conference - To provide information to, and build relationships with, rural professionals.	Delegates include rice growers, irrigators, land managers, government and agribusiness leaders
\$4,000	Ricegrowers' Association of Australia	Rice Industry Co-ordination Committee Secretariat	Rice growers
\$2,000	Ricegrowers' Association of Australia	Young Farming Champions - Identifies youth ambassadors and future leaders and provides them with the training and skills to thrive in the modern world of agricultural advocacy.	Youth interested in agriculture
\$1,000	Rice Extension	Rice Industry Awards - to promote the success of innovative rice growers using new technology and adopting the latest research, inspire higher productivity by improving yields and increasing water use efficiency, adoption of new technology and sustainable management, to encourage and recognise significant contribution to the rice industry and to encourage and recognise pride and passion for the industry.	Rice growers

PREPARATION OF ANNUAL REPORT

This Annual Report was prepared and printed in-house. The only external cost was \$250 for a professional photographer.

Statement by Members of the Board

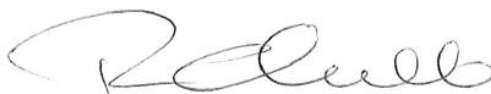
Under section 41C of the New South Wales *Public Finance and Audit Act 1983*, we state that, in our opinion, the accompanying financial statements and notes thereto present fairly the financial position, financial performance and cash flows of the Rice Marketing Board for the State of New South Wales at 30 June 2019.

We further state:

- (a) that the financial statements and notes thereto have been prepared in accordance with Australian Accounting Standards, the New South Wales *Public Finance and Audit Act 1983*, the New South Wales Public Finance and Audit Regulation 2015 and the New South Wales Treasurer's Directions.
- (b) that we are not aware of any circumstances which would make any details in the financial statements materially misleading or inaccurate.



J Culleton
(Board Chair)



R Clubb
(Chair, Audit and Risk Committee)

Dated 27 September 2019

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED
30 JUNE 2019

	Notes	2019 \$ 000's	2018 \$ 000's
REVENUE			
Authorised Buyer's Fees	2	143	313
Sole and Exclusive Export Agreement	2	221	221
Other income		10	2
		<u>374</u>	<u>536</u>
EXPENSES			
Audit Fees		(17)	(16)
Legal and Consultancy Fees	3	(65)	(103)
Depreciation	8	(2)	(13)
Members' Fees		(149)	(136)
Members' Superannuation		(14)	(13)
Employee Expenses	4	(167)	(163)
Insurance		(20)	(18)
Rent		(36)	(36)
Travel		(39)	(37)
Sundry Charges		(48)	(34)
		<u>(557)</u>	<u>(569)</u>
Finance Income	5	39	33
Net Surplus (Deficit) for the Year		<u>(144)</u>	<u>-</u>
Other Comprehensive Income		-	-
Total Comprehensive Income		<u>(144)</u>	<u>-</u>

The above statement of comprehensive income should be read in conjunction with the accompanying notes.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2019

	Notes	2019 \$ 000's	2018 \$ 000's
ASSETS			
Current Assets			
Cash and Cash Equivalents	6	1,426	1,614
Trade and Other Receivables	7	168	339
Total Current Assets		<u>1,594</u>	<u>1,953</u>
Non-Current Assets			
Property, Plant and Equipment	8	10	1
Total Non-Current Assets		<u>10</u>	<u>1</u>
Total Assets		<u>1,604</u>	<u>1,954</u>
LIABILITIES			
Current Liabilities			
Trade and Other Payables	9	66	55
Prepaid Sole and Exclusive Export Agreement	10	221	221
Provisions	11	11	9
Total Current Liabilities		<u>298</u>	<u>285</u>
Non-Current Liabilities			
Prepaid Sole and Exclusive Export Agreement	10	443	664
Provisions	11	5	3
Total Non-Current Liabilities		<u>448</u>	<u>667</u>
Total Liabilities		<u>746</u>	<u>952</u>
NET ASSETS		<u>858</u>	<u>1,002</u>
EQUITY			
Retained Earnings		858	1,002
TOTAL EQUITY		<u>858</u>	<u>1,002</u>

The above statement of financial position should be read in conjunction with the accompanying notes.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES
STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED
30 JUNE 2019

	Notes	2019 \$ 000's	2018 \$ 000's
Equity at the beginning of the financial year		1,002	1,002
Net Surplus (Deficit) for the year		(144)	-
Other comprehensive income		-	-
Equity at the end of the financial year		<u><u>858</u></u>	<u><u>1,002</u></u>

The statement of changes in equity should be read in conjunction with the accompanying notes

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED
30 JUNE 2019

	Notes	2019 \$ 000's	2018 \$ 000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts			
Cash receipts from operations		355	1,491
Interest received		45	22
Payments			
Cash payments to creditors and suppliers		(576)	(691)
Net cash provided by operating activities	15(b)	<u>(176)</u>	<u>822</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for property, plant and equipment		(11)	-
Net cash used in investing activities		<u>(11)</u>	<u>-</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Equity redemptions		(1)	(17)
Net cash used In financing activities		<u>(1)</u>	<u>(17)</u>
Net increase/(decrease) in cash and cash equivalents		(188)	805
Cash and cash equivalents at the beginning of the year		1,614	809
Cash and cash equivalents at the end of the year	15(a)	<u><u>1,426</u></u>	<u><u>1,614</u></u>

The statement of cash flows should be read in conjunction with the accompanying notes.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES

(a) REPORTING ENTITY

The Rice Marketing Board for the State of New South Wales was created by proclamation on 9 November 1928 under the now repealed *Marketing of Primary Products Act*, replaced by the *Rice Marketing Act 1983*. Its office is located in Leeton New South Wales. The Rice Marketing Board's objects are to encourage the development of a competitive domestic market for rice, to ensure the best possible returns from rice sold outside Australia based on the quality differentials or attributes of Australian grown rice, and to liaise with and represent the interests of all NSW rice growers in relation to the Board's functions and objects. The financial statements were authorised for issue by the Board on 27 September 2019.

Under AIFRS there are requirements that apply specifically to not-for-profit entities that are not consistent with International Financial Reporting requirements. The Board has analysed its purposes and operating philosophy and determined that it does not have profit generation as its prime objective. Consequently where appropriate the Board has elected to apply options and exemptions within AIFRS that are applicable to not-for-profit entities.

(b) GENERAL

The Rice Marketing Board's financial statements are general purpose financial statements, which have been prepared in accordance with:

- Applicable Australian Accounting Standards;
- Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board (AASB);
- The requirements of the NSW *Public Finance and Audit Act 1983* and NSW Public Finance and Audit Regulation 2015;
- Financial Reporting Directions mandated by the NSW Treasurer.

The financial statements are prepared in accordance with the historical cost convention and on an accruals basis. All amounts are rounded to the nearest one thousand dollars and are expressed in Australian currency. The accounting policies set out below have been consistently applied to all years presented, except for the changes detailed in Note 1(p)

The financial statements have been prepared on a going concern basis.

(c) REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Authorised Buyers Licence

The Authorised Buyers Licence has a base fee charged in advance each year and a variable fee applied on a per tonne basis charged in arrears annually. Both fees are recognised as and when the fees are received or become receivable in accordance with Authorised Buyer's Licence conditions.

In February 2019 the Board agreed to abolish the base fee, effective 1 July 2019.

Sole and Exclusive Export Agreement

The Sole and Exclusive Export Agreement is recognised as and when the fee is received or becomes receivable in accordance with the Sole and Exclusive Export Agreement conditions. The Sole and Exclusive Export Agreement fee received in respect of future accounting periods is not recognised as revenue, but rather deferred to a liability called Sole and Exclusive Export Agreement received in advance.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(c) REVENUE (continued)

Interest

Interest revenue is recognised on an accrual basis taking into account the interest rates applicable to the financial assets.

(d) BORROWING COSTS

The Board has no borrowings that incur interest.

(e) INCOME TAX

The entity is exempt from income tax pursuant to section 50-52 of the *Income Tax Assessment Act 1997*.

(f) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand and other short term, highly liquid investments which are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

(g) TRADE AND OTHER RECEIVABLES

Receivables are recognised at the amount recoverable as they fall due for settlement. Trade receivables are held at original invoice amount.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off.

(h) PREPAYMENTS

Prepayments are recognised where funds have been paid in advance of which future economic benefits are expected to flow to the entity in return for the funds paid.

(i) PROPERTY PLANT AND EQUIPMENT

All assets acquired, including property, plant and equipment, are initially recorded at their cost of acquisition, being the fair value of the consideration provided plus incidental costs directly attributable to the acquisition.

Each class of property, plant and equipment is carried at their fair value less, where applicable, any accumulated depreciation. Plant and Equipment have been brought to account at historic cost less depreciation. Assets are written off over their assessed economic life by the use of the straight-line method of depreciation.

Assets are depreciated at the following rates per annum:-

Office & computer equipment	20.0% - 33.3%
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(j) IMPAIRMENT OF ASSETS

The carrying amounts of the Board's assets are reviewed at each reporting date to determine whether there is any indication of impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. As the Board is deemed a not-for-profit entity for reporting purposes, the value in use is the depreciated replacement cost.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(k) TRADE AND OTHER PAYABLES

Accounts payable are recognised for future amounts to be paid in respect of goods and services received at balance date, whether or not they have been invoiced. Settlement of accounts payable is normally effected within a 30 day term. Due to the short term nature of payables, measurement at invoice amount is not materially different from amortised cost.

(l) EMPLOYEE PROVISIONS

Employee Benefits

A provision is made for the Board's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within 12 months have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs. Employee benefits payable later than one year have been measured at the present value of the estimated future cash outflows to be made for these benefits.

An employee benefit liability is classified as a current liability if the Board does not have an unconditional right to defer settlement of the liability for at least 12 months. This includes all annual leave and unconditional long service leave, irrespective of when the liability is expected to be settled.

Superannuation

Superannuation expenditure relates to payments of the basic benefit for eligible employees to a privately administered superannuation plan.

(m) FINANCIAL INSTRUMENTS

Recognition

Financial instruments, with the exception of trade receivables, are initially recognised at fair value plus or minus transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition financial instruments are measured at amortised cost.

Receivables

Receivables are non-derivative financial assets with determinable payments that are not quoted on an active market and are stated at amortised cost using the effective interest rate method. All receivables at balance date are current and a provision for impairment has been raised for expected credit losses.

(n) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the Australian Taxation Office. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated net of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as a current asset or liability in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the Australian Tax Office are classified as operating cash flows.

(o) COMPARATIVE FIGURES

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 1 STATEMENT OF PRINCIPAL ACCOUNTING POLICIES (continued)

(p) ACCOUNTING POLICIES

Effective for the first time in 2018/19

The accounting policies applied in 2018/19 are consistent with those of the previous financial year except as a result of new or revised Australian Accounting Standards that have been applied for the first time in 2018/19. There is no impact to the Board's financial statements of these revised Australian Accounting Standards.

- *AASB 9 Financial Instruments* has been adopted for the first time in the current year. Statement of principal accounting policies, Note 1(m) Financial Instruments, has been amended accordingly. This change in accounting policy did not have a material impact.

Other than the change noted above the accounting policies set out below have been consistently applied to all years presented.

Issued but not yet effective

NSW public sector entities are not permitted to early adopt new Australian Accounting Standards, unless NSW Treasury determines otherwise. The following new Accounting Standards have not been applied and are not yet effective:

- *AASB 15 Revenue from Contracts with Customers* (and associated amending standards AASB 2014-5, AASB 2015-8, AASB 2016-3, AASB 2016-7 and AASB 2016-8) applies to annual periods beginning on or after 1 January 2019 for not-for-profit entities. *AASB 15 Revenue from Contracts with Customers* establishes a contract-based five-step analysis of transactions to determine the nature, amount and timing of revenue arising from contracts with customers.
- *AASB 16 Leases* replaces all existing leases requirements and applies to annual periods beginning on or after 1 January 2019. For lessees, the distinction between operating and finance leases will no longer exist. Instead, *AASB 16 Leases* will require lessees to account for practically all leases under a single on-balance sheet model in a similar way to finance leases under *AASB 117 Leases*. The standard includes two recognition exemptions for lessees – leases of 'low value' assets (e.g. personal computers below \$10,000) and short term leases (i.e. leases with a lease term of 12 months or less). At the commencement of a lease, a lessee will recognise a liability representing its obligation to make future lease payments and an asset representing its right of use to the underlying asset for the lease term. Lessees will be required to separately recognise interest expense on the lease liability and depreciation expense on the Right of Use asset rather than operating lease expense. NSW Treasury has mandated modified retrospective application of this accounting standard, by recognising the cumulative effect of initially applying the new requirements at the initial application, which would be 1 July 2019.
- *AASB 1058 Income of Not-for-Profit Entities* applies to not-for-profit entities and is effective for annual periods beginning on or after 1 January 2019. This standard requires entities to recognise income where the consideration to acquire an asset, including cash, is significantly less than the fair value principally to enable the entity to further its objectives. Under this standard, the timing of income recognition may be impacted depending on whether there is a liability or other performance obligation associated with the acquired asset, including cash.

Potential impact

It is expected that *AASB 16 Leases* will require an increase to the total assets and liabilities on the balance sheet. Depreciation expense will be booked on Right of Use assets, which will be on a straight line basis. It is expected that the *AASB 16 Leases* will be adopted on the required effective date in line with NSW Treasury's instructions.

It is considered that the implementation of the other issued but not yet effective Australian Accounting Standards will not have a material impact on the Board's financial statements.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 2 AUTHORITY TO BUYER LICENCES AND SOLE AND EXCLUSIVE EXPORT AGREEMENT

The NSW domestic rice market was deregulated effective from 1 July 2006. As a result of deregulation Authorised Buyer Licences have been issued to appropriate bodies and persons by the Board. The Agency Agreement has been replaced by the Domestic Authorised Buyers Licences and the Sole and Exclusive Export Agreement.

The Sole and Exclusive Export Agreement was executed on 30 June 2006 and was effective from 1 July 2006 for an initial term of five years to 1 July 2011. The Agreement was renewed for another five year term from 1 July 2011 to 1 July 2016. A one year term was agreed for the 2016-17 year. A further 5 year term has been negotiated until 30 June 2022. At any time, either party may terminate the Sole and Exclusive Export Agreement by giving the other party at least 5 years written notice of termination.

Authorised Buyers pay a fixed annual base fee of \$500 per year. In February 2019 the Board agreed to abolish the base fee, effective 1 July 2019.

The Board has recognised it requires operating capital and has retained the prepaid Sole and Exclusive Export Agreement fee as its operating capital. The Board has therefore adopted a full cost recovery policy for the term of the current Sole and Exclusive Export Agreement. After accounting for this combined income the Board usually levies Authorised Buyers with the balance of its operating shortfall (if any) for the period based on the percentage of the total rice crop each Authorised Buyer has procured. For the 2018-19 year, the Board agreed to recover \$136,928 from Authorised Buyers and to record a deficit of \$144,029.

The amount recognised as income for the year ended 30 June 2019 was \$364,314 (\$534,099 in 2018).

NOTE 3 LEGAL AND CONSULTANCY FEES

	2019 \$000's	2018 \$000's
Legal Fees and Expenses Incurred	38	1
Election expenses	-	16
Independent Review - Potential to expand the rice industry	-	60
Probity Adviser fees	5	4
Independent Experts Report - verification export price premium	22	22
	65	103

During the year, the Rice Marketing Board engaged advisers for various legal and accounting matters.

NOTE 4 EMPLOYEE EXPENSES

	2019 \$000's	2018 \$000's
Wages & Salary	148	136
Annual Leave	2	11
Long Service Leave	3	2
Superannuation	14	14
	167	163

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 5 FINANCE INCOME

	2019 \$000's	2018 \$000's
Bank Interest	39	33

NOTE 6 CASH AND CASH EQUIVALENTS

	2019 \$000's	2018 \$000's
Cash at Bank	71	169
Cash on Deposit	1,355	1,445
	1,426	1,614

NOTE 7 TRADE AND OTHER RECEIVABLES

	2019 \$000's	2018 \$000's
Current		
Authorised Buyers	137	307
Accrued Interest	16	24
Other	15	8
	168	339

All receivables recognised in the Statement of Financial Position are, in the opinion of the Rice Marketing Board, fully collectable.

NOTE 8 PROPERTY, PLANT AND EQUIPMENT

	2019 \$000's	2018 \$000's
OFFICE & COMPUTER EQUIPMENT		
At Cost	81	70
Accumulated Depreciation	(71)	(69)
	10	1
TOTAL PROPERTY, PLANT AND EQUIPMENT	10	1

	Year ended 30 June 2019	Year ended 30 June 2018
Description	Office, Computer Equipment & WIP \$000's	Office, Computer Equipment & WIP \$000's
Opening WDV 1 July 2018	1	14
Additions	11	-
Depreciation	(2)	(13)
Closing WDV 30 June 2019	10	1

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 9 TRADE AND OTHER PAYABLES

	2019 \$000's	2018 \$000's
Payables	49	37
Unclaimed grower equity repayments	17	18
	<u>66</u>	<u>55</u>

Liabilities are recognised for amounts to be paid in the future for goods or services received. Trade accounts payable are normally settled within 30 days.

NOTE 10 PREPAID SOLE AND EXCLUSIVE EXPORT AGREEMENT FEE

	2019 \$000's	2018 \$000's
Prepaid Sole and Exclusive Export Agreement Fee (Current)	221	221
Prepaid Sole and Exclusive Export Agreement Fee (Non-Current)	443	664
Total Prepaid Sole and Exclusive Export Agreement Fee	<u>664</u>	<u>885</u>

NOTE 11 PROVISIONS

	2019 \$000's	2018 \$000's
Current		
Annual Leave	11	9
Non-Current		
Long Service Leave	5	3
	<u>16</u>	<u>12</u>

All annual leave liabilities are expected to settle within 12 months.

NOTE 12 FINANCING ARRANGEMENTS

The Rice Marketing Board has access to the following lines of credit:

	2019 \$000's	2018 \$000's
Bank overdrafts	2,500	2,500
Total	<u>2,500</u>	<u>2,500</u>
Facilities utilised at reporting date		
Bank overdrafts	-	-
Total	<u>-</u>	<u>-</u>
Facilities not utilised at reporting date		
Bank overdrafts	2,500	2,500
Total	<u>2,500</u>	<u>2,500</u>

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 13 FINANCIAL INSTRUMENTS

13(a) Interest rate risk exposures

The Rice Marketing Board's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

2019	Floating Interest Rate	Fixed Interest Rate Maturing in		Non- Interest Bearing	Total Carried As per Statement of Financial Position	Weighted Average Effective Interest Rate
		1 Year or less	1 to 5 years			
	\$000's	\$000's	\$000's	\$000's	\$000's	%
Financial Assets						
Cash and cash equivalents	71	1,355	-	-	1,426	2.49%
Trade and other receivables	-	-	-	168	168	n/a
Total financial assets	71	1,355	-	168	1,594	
Financial Liabilities						
Trade and other payables	-	-	-	66	66	n/a
Other liabilities	-	-	-	644	644	n/a
Total financial liabilities	-	-	-	710	710	

2018	Floating Interest Rate	Fixed Interest Rate Maturing in		Non- Interest Bearing	Total Carried As per Statement of Financial Position	Weighted Average Effective Interest Rate
		1 Year or less	1 to 5 years			
	\$000's	\$000's	\$000's	\$000's	\$000's	%
Financial Assets						
Cash and cash equivalents	169	1,445	-	-	1,614	2.59%
Trade and other receivables	-	-	-	339	339	n/a
Total financial assets	169	1,445	-	339	1,953	
Financial Liabilities						
Trade and other payables	-	-	-	55	55	n/a
Total financial liabilities	-	-	-	885	885	n/a
Total financial liabilities	-	-	-	939	939	

13(b) Credit risk exposures

The credit risk on financial assets is generally the carrying amount disclosed on the Statement of Financial Position.

13(c) Net fair values

For all financial assets and financial liabilities it is considered that carrying values as disclosed in the Statement of Financial Position reflect the net fair values.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements

For the Year Ended 30 June 2019

NOTE 13 FINANCIAL INSTRUMENTS (continued)

13(d) Financial Risk Management

The Rice Marketing Board's activities expose it to credit and liquidity risks. The Board's overall risk management program focuses on the key risk of unpredictability in financial markets and seeks to minimise potential adverse effects on the financial performance of the Board.

- a) Credit risk
Credit risk arises from cash and cash equivalents, deposits and bills with banks as well as credit exposures including outstanding receivables. The maximum exposure to credit risk at balance date is the carrying amount of financial assets as summarised in Note 13(a). To manage its credit risk the entity invests in term deposits to maximise its return on surplus funds while reducing the potential effect of the short term unpredictability of financial markets and the effect this may have on its return on surplus funds. Due to the size and fixed nature of the term deposits at balance date the entity's exposure to credit risk is considered immaterial to the overall profitability of the entity.
- b) Liquidity risk
Liquidity risk is the risk that the entity will encounter difficulty in meeting obligations associated with financial liabilities. The maximum exposure to liquidity risk at balance date is the carrying amount of financial liabilities as summarised in Note 13(a). To manage its liquidity risk the entity monitors its cash flow requirements on a monthly basis to maintain sufficient cash to pay its debts as and when they fall due.
- c) Interest rate risk
Interest rate risk is the risk that changes in interest rates will affect the Board's income or the value of its obligations, and arises on floating rate debt.

Cash flow sensitivity analysis for variable rate financial instruments

The Board is not exposed to any cash flow sensitivity relating to interest rate shock on borrowings.

NOTE 14 RELATED PARTY TRANSACTIONS

14(a) Key Management Personnel compensation

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Rice Marketing Board either directly or indirectly. The key management personnel comprise the directors and executives who are responsible for the financial and operational management of the Rice Marketing Board.

Compensation paid to key management personnel of the company was as follows:

	2019 \$000's	2018 \$000's
Short-term employee benefits	299	281
Post-employment benefits	28	27
	327	308

14(b) Transactions with Related Parties

During the year the Board did not enter into any transactions with Key Management Personnel, their close family members and controlled or jointly controlled entities thereof.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Notes to and Forming Part of the General Purpose Financial Statements For the Year Ended 30 June 2019

NOTE 15 NOTES TO THE STATEMENT OF CASHFLOWS

15(a) Reconciliation of Cash at End of Year

	2019 \$000's	2018 \$000's
Cash at bank and on deposit	1,426	1,614
Cash at end of year	1,426	1,614

Definition of Cash for cash flow purposes includes cash on hand and at bank and term deposits.

15(b) Reconciliation of Operating Result to Net Cash Provided by Operating Activities

	2019 \$000's	2018 \$000's
<u>Net Surplus (Deficit) for the year</u>	(144)	-
<u>Non cash recognition of provisions in the statement of financial position</u>		
Depreciation	2	13
<u>Asset and Liabilities Movements:</u>		
(Increase)/Decrease in Trade and other receivables	171	(74)
Increase/(Decrease) in Trade and other payables	12	(9)
Increase/(Decrease) in Other liabilities	(221)	885
Increase/(Decrease) in Provisions	4	7
Net cash provided by operating activities	(176)	822

NOTE 16 CONTINGENT LIABILITIES

No contingent liabilities are known to exist at the time of signing these statements (2018: Nil).

NOTE 17 EVENTS OCCURRING AFTER REPORTING DATE

No after balance date events are known to exist at the time of signing these statements.

NOTE 18 SEGMENT REPORTING

The Rice Marketing Board is based in Leeton, NSW. It derives its income from licensed Authorised Buyers via fixed and variable fees. The fixed fees include the Authorised Buyer Annual base fee, abolished effective 1 July 2019, and the Sole and Exclusive Export Agreement Fee. The variable fee is based upon the percentage of the total rice crop each Authorised Buyer has procured from producers of paddy rice grown within New South Wales.

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES
Notes to and Forming Part of the General Purpose Financial Statements
For the Year Ended 30 June 2019

NOTE 19 COMMITMENTS FOR EXPENDITURE

	2019 \$000's	2018 \$000's
Operating lease commitments:		
Within one year	<u>6</u>	<u>6</u>
	<u>6</u>	<u>6</u>

There were no other capital or other commitments at 30 June 2019 (2018: Nil) other than that disclosed above.

End of Audited Financial Statements



INDEPENDENT AUDITOR'S REPORT

Rice Marking Board for the State of New South Wales

To Members of the New South Wales Parliament

Opinion

I have audited the accompanying financial statements of the Rice Marking Board for the State of New South Wales (the Board), which comprise the Statement of Comprehensive Income for the year ended 30 June 2019, the Statement of Financial Position as at 30 June 2019, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, notes comprising a Statement of Significant Accounting Policies and other explanatory information.

In my opinion, the financial statements:

- give a true and fair view of the financial position of the Board as at 30 June 2019, and of its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards
- are in accordance with section 41B of the *Public Finance and Audit Act 1983* (PF&A Act) and the Public Finance and Audit Regulation 2015.

My opinion should be read in conjunction with the rest of this report.

Basis for Opinion

I conducted my audit in accordance with Australian Auditing Standards. My responsibilities under the standards are described in the 'Auditor's Responsibilities for the Audit of the Financial Statements' section of my report.

I am independent of the Board in accordance with the requirements of the:

- Australian Auditing Standards
- Accounting Professional and Ethical Standards Board's APES 110 'Code of Ethics for Professional Accountants' (APES 110).

I have fulfilled my other ethical responsibilities in accordance with APES 110.

Parliament promotes independence by ensuring the Auditor-General and the Audit Office of New South Wales are not compromised in their roles by:

- providing that only Parliament, and not the executive government, can remove an Auditor-General
- mandating the Auditor-General as auditor of public sector agencies
- precluding the Auditor-General from providing non-audit services.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Other Information

The Board's annual report for the year ended 30 June 2019 includes other information in addition to the financial statements and my Independent Auditor's Report thereon. The members of the Board are responsible for the other information. At the date of this Independent Auditor's Report, the other information I have received comprise the Statement by the Members of the Board.

My opinion on the financial statements does not cover the other information. Accordingly, I do not express any form of assurance conclusion on the other information.

In connection with my audit of the financial statements, my responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I have performed, I conclude there is a material misstatement of the other information, I must report that fact.

I have nothing to report in this regard.

The Board's Responsibilities for the Financial Statements

The members of the Board are responsible for the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards and the PF&A Act and for such internal control as the members of the Board determine is necessary to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements the members of the Board are responsible for assessing the Board's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting except where the Board will be dissolved by an Act of Parliament or otherwise cease operations.

Auditor's Responsibilities for the Audit of the Financial Statements

My objectives are to:

- obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error
- issue an Independent Auditor's Report including my opinion.

Reasonable assurance is a high level of assurance, but does not guarantee an audit conducted in accordance with Australian Auditing Standards will always detect material misstatements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions users take based on the financial statements.

A description of my responsibilities for the audit of the financial statements is located at the Auditing and Assurance Standards Board website at: www.auasb.gov.au/auditors_responsibilities/ar4.pdf. The description forms part of my auditor's report.

My opinion does not provide assurance:

- that the Board carried out its activities effectively, efficiently and economically
- about the security and controls over the electronic publication of the audited financial statements on any website where they may be presented
- about any other information which may have been hyperlinked to/from the financial statements.



C J Giumelli
Director, Financial Audit Services

Delegate of the Auditor-General for New South Wales

30 September 2019
SYDNEY

Budget

Actual 2018/19 \$000's	Budget 2018/19 \$000's		Budget 2019/20 \$000's
INCOME			
143	350	Authorised Buyers' Licence Fees	375
221	221	Sole & Exclusive Export Licence Fee	221
39	38	Interest Received	18
10	30	Miscellaneous Income	-
413	639		614
EXPENDITURE			
(2)	(1)	Advertising	(2)
(17)	(16)	Audit Fees	(17)
(1)	(2)	Bank Charges	(1)
(38)	(40)	Legal & Consultancy Fees	(60)
(2)	(5)	Depreciation	(3)
(13)	(13)	Information Systems	(14)
(20)	(20)	Insurances	(25)
(149)	(150)	Members' Fees	(150)
(14)	(14)	Members' Superannuation	(14)
-	(18)	Audit and Risk Committee fees	-
(1)	(2)	Postage & Couriers	(1)
(36)	(36)	Rent of Premises	(36)
(167)	(168)	Staff Employment Costs	(180)
(3)	(7)	Telephone	(5)
(39)	(35)	Travel - Members & Staff	(40)
(3)	(3)	Sundry Charges	(5)
(22)	(21)	Grower Relations	(22)
-	(8)	Training	(9)
(3)	(30)	Market Research Expenses	-
(22)	(30)	Verification Export Price Premium	(30)
(5)	(20)	Probity Advisor	-
(557)	(639)		(614)
(144)	-	Operating Surplus/(Deficit)	-
-	11	Capital Expenditure	-

Statistical Summary

New South Wales Only

		2019 Crop	2018 Crop	2017 Crop	2016 Crop	2015 Crop
Number of farms producing rice	MIA	62	307	382	220	351
	CIA	11	136	201	87	195
	MV	27	488	596	101	559
	Nth NSW*	7+	7+	7+	4	4
	TOTAL	107+	938+	1,186+	412	1,109

Production (tonnes)	MIA	36,665	233,478	308,511	152,951	254,031
	CIA	3,939	71,871	109,316	39,849	97,638
	MV	14,167	316,606	381,016	51,384	333,540
	Nth NSW*	540	3,857	833	603	419
	TOTAL	55,311	625,812	799,676	244,787	685,628

Harvested Area (hectares)	MIA	3,222	20,953	29,134	13,382	23,153
	CIA	400	7,396	11,795	3,980	10,003
	MV	1,471	31,241	39,158	4,884	32,977
	Nth NSW*	-	-	-	220	132
	TOTAL	5,093+	59,590+	80,087+	22,466	66,265

Average Yield (Tonnes/Hectare)	MIA	11.38	11.14	10.6	11.4	11.0
	CIA	9.85	9.72	9.27	10.0	9.8
	MV	9.63	10.13	9.7	10.5	10.1
	Nth NSW	-	-	-	2.7	3.2
	AVERAGE	10.9 est.	10.5 est.	10.0 est.	10.9	10.4

*Some information not available for Northern Rivers